

**BEFORE THE INSURANCE COMMISSIONER  
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF  
THE REPORT OF EXAMINATION  
OF QUALCHOICE LIFE AND HEALTH  
INSURANCE COMPANY, INC.**

**A.I.D. NO. 2021- 33**

**ADOPTION ORDER**

Now on this day the matter of the Examination Report ("Report") as of December 31, 2019, of QualChoice Life and Health Insurance Company, Inc. ("Company"), of Little Rock, Arkansas, NAIC No. 70998, is taken under consideration by Alan McClain, Insurance Commissioner for the State of Arkansas ("Commissioner"), as presented by Associate Counsel, Amanda Capps Rose, and the Finance Division of the Arkansas Insurance Department ("Department"). From the facts, matters and other things before him, the Commissioner finds as follows:

**FINDINGS OF FACT**

1. The Company is domiciled in Arkansas and is a full capital stock legal reserve life insurance company licensed in Arkansas to transact the business of life and accident and health insurance.
2. Pursuant to Ark. Code Ann. §§ 23-61-201, *et seq.*, the Commissioner authorized and directed the Department to conduct a regular examination of the affairs, transactions, accounts, records, and assets of the Company as of December 31, 2019.
3. Said examination was commenced by the Department on June 8, 2020, and completed on May 27, 2021.

4. The verified Report was filed with the Department on June 14, 2021. It was then mailed to the Company via certified mail on June 15, 2021. The Company received the Report via the Department's secure FTP site on June 14, 2021.

5. The Company failed to notify the Commissioner of the termination of appointments for all producers within thirty (30) days of termination.

6. The Company failed to notify terminated producers of their termination within fifteen (15) days of the termination.

7. The Company failed to pay or deny electronically submitted clean claims within thirty (30) days or within forty-five (45) days if submitted by other means and failed to pay the claimants the required monetary penalty. Additionally, the Company failed to seek further information when needed to process a claim within (30) days after receipt.

8. On June 23, 2021, the Company submitted correspondence stating that it has reviewed the Report and waiving the remainder of its statutory review period.

### **CONCLUSIONS OF LAW**

Based upon the above and foregoing Findings of Fact, the Commissioner makes the following Conclusions of Law:

1. The Commissioner and the Department have jurisdiction over the parties and the subject matter contained herein.

2. This Adoption Order has been properly entered in accordance with the Arkansas Insurance Code and Department Rules.

3. The Company's failure to notify the Commissioner of the termination of producers within thirty (30) days is a violation of Ark. Code Ann. § 23-64-515(b).

4. The Company's failure to notify producers of their termination within fifteen (15) days is a violation of Ark. Code Ann. § 23-64-515(d)(1).

5. The Company's failure to pay a penalty to the claimant for its failure to timely process clean claims is a violation of Department Rule 43, § 12(c). The Company's failure to pay or deny electronically submitted clean claims within thirty (30) days or within forty-five (45) days if submitted by other means is a violation of Department Rule 43, § 12(a). Additionally, the Company's failure to seek further information when needed to process a claim within (30) days after receipt of a claim is a violation of Department Rule 43, § 13(a).

**THEREFORE**, pursuant to the provisions of Ark. Code Ann. § 23-61-205, the Commissioner hereby orders:

1. That the Report, as filed with the Department, is hereby adopted;
2. That the Company shall provide the required notification of the termination of a producer's appointment to the Commissioner as required by Ark. Code Ann. § 23-64-515(b);
3. That the Company shall notify a producer of the termination of an appointment pursuant to the requirements of Ark. Code Ann. § 23-64-515(d)(1);
4. That the Company shall follow the requirements of Department Rule 43, §§ 12 – 13 regarding the payment of clean claims;
5. That the Department shall forward a copy of this Adoption Order and the adopted Report, as filed, to the Company via certified mail. The mailing to the Company shall include specimen affidavit forms for the Company's Directors to use in acknowledgement of receipt of the adopted Report and this Adoption Order;

6. That within twenty (20) days of receipt of this Adoption Order and the adopted Report, the Company shall file with the Department affidavits executed by each one of its Directors, stating under oath or affirmation that each has received a copy of this Adoption Order and the adopted Report; and

7. That the adopted Report shall be open for public inspection upon the expiration of thirty (30) days from the Company's receipt of this Adoption Order.

IT IS SO ORDERED this 24 day of June, 2021.

A handwritten signature in black ink, appearing to read "Alan McClain", written over a horizontal line.

ALAN McCLAIN  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS